

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2802-01
Bill No.: SB 973
Subject: Economic Development; Contracts and Contractors.
Type: Original
Date: January 27, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** state the bill imposed some additional duties on DED with regard to capturing information on tax credits and grants. DED would also be required to do a report to the President Pro Tem of the Senate and the Speaker of the House.

DED feels that changes could be incorporated into existing programs and the report could be prepared from information already gathered. No costs are anticipated at this time. DED states that if these items require more work than anticipated, a budget request could be submitted in the future.

Officials from the **Department of Revenue (DOR)** state this legislation includes tax credits to the current list of economic incentives DED must report on annually, and requires DED to gather more information from the individuals requesting these economic incentives.

DOR states they administer several credits that are not approved prior to filing a tax return. It is DOR's assumption that the only information that will need to be given to DED is the amount claimed on the returns, and DED will process this information through the REMI program in

ASSUMPTION (continued)

order to report the economic impact. If this assumption is incorrect, further review will be needed by DOR's Division of Taxation.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

With this proposal, small businesses that apply to the Department of Economic Development will need to provide additional information regarding the tax credits they seek to obtain.

DESCRIPTION

This proposal requires additional information when the Department of Economic Development (DED) enters into an agreement with a party to provide grants, loans, tax credits or other financial assistance to the party through a program administered by DED.

The proposal requires that additional information about the economic incentive and the financial obligation of the party if the requirements of the agreement are not met. The agreement must also list any other financial assistance received by the party for the same project. Any proceeds from an economic incentive that are returned to DED must be used for worker training and re-training programs administered by the division of workforce development.

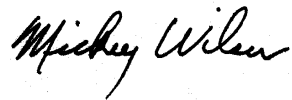
The Department of Economic Development must prepare an annual report to the President pro tem of the Senate and the Speaker of the House of Representatives that contains certain information about the economic incentives administered in the past year.

DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 27, 2004